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May 9, 2007

VIA HAND DELIVERY

Honorable Joseph J. Farnan, Jr.
United States District Court
844 N. King Street
Wilmington, DE 19801

Re: M. Diane Koken in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, as Liquidator of Reliance Insurance Company (In Liquidation) v. Paula Financial, C.A. No. 07-048-JJF

Dear Judge Farnan:

The parties have held their meet and confer pursuant to Fed. R. Civ. P. 26(f). While the parties agreed to most of the items set forth in the Court's standard Rule 16 Scheduling Order, they have reached impasse with the respect to the maximum number of interrogatories and depositions that will be permitted in this case. Specifically, the plaintiff believes that 25 interrogatories and 10 depositions per side would be sufficient. On the other hand, the defendant has requested that it be allowed to serve no more than 50 interrogatories and take a maximum of 20 depositions. So that this case may proceed, we have attached for the Court's review the plaintiff's proposed order (Exhibit 1 hereto) and the defendant's proposed order (Exhibit 2 hereto). Other than paragraph's 4(b) and 4(d), the orders are identical. We are hopeful that the Court will enter the scheduling order that it deems appropriate. If Your Honor has any questions or concerns, counsel remains available at Your Honor's convenience.

Respectfully submitted,



Chad M. Shandler

CMS:ps

Enclosure

Cc: Clerk of the Court (via e-filing)

William K. Swank, Esquire with enclosures (via electronic mail)

Jonathan G. Fetterly, Esquire with enclosures (via electronic mail)

Gerald Arth, Esquire with enclosures (via electronic mail)

Sheldon Kevin Rennie, Esquire with enclosures (via hand delivery)

EXHIBIT 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

M. DIANE KOKEN, in her official capacity :
as Insurance Commissioner of the Commonwealth :
of Pennsylvania, as Liquidator of RELIANCE :
INSURANCE COMPANY (IN LIQUIDATION), :

Plaintiff, :

v. :

CIVIL ACTION NO. 07-048-JJF

PAULA FINANCIAL, :

Defendant. :

RULE 16 SCHEDULING ORDER

The parties having satisfied their obligations under Fed. R. Civ. P. 26(f),

IT IS ORDERED that:

1. **Pre-Discovery Disclosures.** The parties will exchange by **May 18, 2007** the information required by Fed. R. Civ. P. 26(a)(1) and D. Del. LR 16.2.
2. **Joinder of other Parties.** All motions to join other parties shall be filed on or before **January 31, 2008**.
3. **Settlement Conference.** Pursuant to 28 U.S.C. § 636, this matter is referred to Magistrate Judge Thyng for the purposes of exploring the possibility of a settlement. If the parties agree that they would benefit from a settlement conference, the parties shall contact Magistrate Judge Thyng to schedule a settlement conference so as to be completed no later than the Pretrial Conference or a date ordered by the Court.
4. **Discovery.**
 - (a) Exchange and completion of interrogatories, identification of all fact witnesses and document production shall be commenced so as to be completed by **January 31, 2008**.

(b) There shall be a maximum of 25 interrogatories, including subparts, by each party to any other party.

(c) There shall be no limit to the number of requests for admission served by each party to any other party.

(d) There shall be a maximum of 10 depositions by plaintiff and 10 depositions by defendant.

(e) Reports from retained experts required by Fed. R. Civ. P. 26(a)(2) on issues for which any party has the burden of proof are due by **March 31, 2008**. Rebuttal expert reports are due by **April 30, 2008**.

(f) Any party desiring to depose an expert witness shall notice and complete said deposition no later than 30 days from receipt of said expert's report, unless otherwise agreed in writing by the parties.

5. Discovery Disputes.

(a) A party seeking discovery which the opposing party refuses to provide shall file a motion (no brief) pursuant to Rule 37 of the Federal Rules of Civil Procedure and Local Rule 37.1. Said motion shall not exceed a total of four (4) pages. An Answer to the Rule 37 motion, not to exceed four (4) pages, shall be filed within five (5) days of service of the motion. No reply is permitted.

(b) All papers shall set forth in a plain and concise manner the issue(s) in dispute, the party's position on the issue(s), and the reasons for the party's position.

(c) Upon receipt of the Answer, the movant shall notify Chambers by e-mail at jjf_civil@ded.uscourts.gov that the parties have completed briefing.

(d) Upon receipt of the movant's e-mail, the Court will determine whether a conference is necessary and advise the parties accordingly.

(e) There is no limit on the number of Rule 37 motions a party may file, unless otherwise ordered by the Court.

6. Amendment of the Pleadings. All motions to amend the pleadings shall be filed on or before **January 31, 2008**.

7. Case Dispositive Motions. Any case dispositive motions, pursuant to the Federal Rules of Civil Procedure, shall be served and filed with an opening brief by **June 30, 2008**. Briefing shall be pursuant to D. Del. LR 7.1.2.

8. Applications by Motion.

(a) Any applications to the Court shall be by written motion filed with the Clerk of the Court in compliance with the Federal Rules of Civil Procedure and the Local Rules of Civil Practice for the United States District Court for the District of Delaware (Amended Effective January 1, 1995). Any non-dispositive motion shall contain the statement required by D. Del. LR 7.1.1. Parties may file stipulated and unopposed Orders with the Clerk of the Court for the Court's review and signing. The Court will not consider applications and requests submitted by letter or in a form other than a motion.

(b) No facsimile transmissions will be accepted.

(c) No telephone calls shall be made to Chambers.

(d) Any party with a true emergency matter requiring the assistance of the Court shall e-mail Chambers at: jjf_civil@ded.uscourts.gov. The e-mail shall provide a short statement describing the emergency.

9. Pretrial Conference and Trial. After reviewing the parties' Proposed Scheduling Order, the Court will schedule a Pretrial Conference.

The Court will determine whether the trial date should be scheduled when the Scheduling Order is entered or at the Pretrial Conference. If scheduling of the trial date is deferred until the Pretrial Conference, the parties and counsel shall anticipate and prepare for a trial to be held within sixty (60) to ninety (90) days of the Pretrial Conference.

DATE

UNITED STATES DISTRICT JUDGE

EXHIBIT 2

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

M. DIANE KOKEN, in her official capacity :
as Insurance Commissioner of the Commonwealth :
of Pennsylvania, as Liquidator of RELIANCE :
INSURANCE COMPANY (IN LIQUIDATION), :

Plaintiff, :

v. :

CIVIL ACTION NO. 07-048-JJF

PAULA FINANCIAL, :

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4. **Discovery.**
 - (a) Exchange and completion of interrogatories, identification of all fact witnesses and document production shall be commenced so as to be completed by **January 31, 2008**.

(b) There shall be a maximum of 50 interrogatories, including subparts, by each party to any other party.

(c) There shall be no limit to the number of requests for admission served by each party to any other party.

(d) There shall be a maximum of 10 depositions by plaintiff and 20 depositions by defendant.

(e) Reports from retained experts required by Fed. R. Civ. P. 26(a)(2) on issues for which any party has the burden of proof are due by **March 31, 2008**. Rebuttal expert reports are due by **April 30, 2008**.

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